



# **PHILLIPS Alaska, Inc.**

A Subsidiary of PHILLIPS PETROLEUM COMPANY

**Ken L. Donajkowski**  
**Health, Environment, & Safety**  
**Manager**  
**PO Box 100360, ATO 1976**  
**Anchorage, Alaska 99510-0360**  
**Phone (907) 263-4682 Fax: (907) 265-**  
**6216**  
**Email: kdonajk@ppco.com**

December 13, 2001

**Mr. Randy Bates**  
**Division of Governmental Coordination**  
**Office of the Governor**  
**P.O. Box 110030**  
**Juneau, Alaska 99811-0030**

**Re: Comments on October 1, 2001 Draft Proposed Alaska Coastal**  
**Management Program Implementation Regulations (6 AAC 50)**

**Dear Mr. Bates:**

Please accept the following comments on behalf of Phillips Alaska, Inc. and Phillips Alaska, Pipelines ("Phillips") regarding the October 1, 2001 (second) draft of proposed Alaska Coastal Management Program ("ACMP") Implementation Regulations. Phillips appreciates the time and effort over the past several years that you, Director Pat Galvin, and the many other DGC staff have invested in this rule-making process and hope these comments and those of the Alaska Oil and Gas Association ("AOGA"), which we participated in and fully support, will assist DGC in making necessary changes to these regulations. In our opinion, these regulations are the most significant regulatory changes the State of Alaska is currently undertaking. Basically, they define the very process by which Phillips must do business. As such, we have taken a very strong and active role throughout this entire rulemaking process and offer any continuing assistance we may provide as we proceed forward.

With that and as explained in much greater detail in the comments of AOGA, we regret to say that that we believe the current draft is a significant step backward in the permitting arena. If implemented, what was already a cumbersome process will turn into a process that lacks any predictability and discipline – something that must be at the very core of any procedural set of regulations such as these.

As you know, the ACMP basically governs the entire day-to-day permitting of the Phillips operations in Alaska. A simple look at the oil and gas activities currently under review by DGC shows that Phillips has a large portion of those currently under DGC review. The ACMP affects everything from projects of national significance and interest, such as renewal of the TAPS right-of-way and exploration in the NPR-A, to the many day-to-day projects we undertake in Alaska. If we are to continue doing business in Alaska, the clarity, efficiency and

effectiveness of the ACMP process is a major factor, if not THE major factor, in negotiating the complex permitting scheme.


Phillips on its own and as part of the AOGA review has devoted substantial time and effort to reviewing the current draft regulations and related materials and has participated in every workshop and public meeting. Our conclusion is that this current set of draft regulations is so fatally flawed that our attempts to graph out what would be expected of us if they were finalized was impossible. The draft regulations lack specificity, clarity, and in places go beyond what the law allows.

The ACMP process was intended by the Alaska Legislature to serve a procedural coordination function that networks existing resource agency permitting authorities as they apply to projects having a significant and direct impact on coastal resources. However, this coordination function has been increasingly counterbalanced by lack of schedule discipline, a continuing flurry of "clock stoppages" for no apparent reason, lack of clarity regarding applicability and imposition of unlawful conditions, which have come to be known as "homeless stipulations," applicability well beyond the defined boundary of the Coastal Zone, and more importantly a mechanism that is abused in a manner that needlessly delays projects.

As stated above, Phillips has participated in the development of these regulations from the very beginning and appreciates the many clarifications that have been made. However, a desire to rush these through the final stages of this rulemaking for no apparent and valid reason will ruin nearly three years of effort by hundreds of individuals. Phillips urges DGC to consider the request made by AOGA to establish a negotiated rulemaking process in a serious effort to move these draft regulations forward. Phillips also strongly urges DGC to analyze any contemplated revisions by preparing a detailed flow chart of the process, including timelines. We did this and were unable to diagram the current proposed process. We also agree that a timeline should be provided by DGC as guidance with the issuance of final regulations.

Phillips urges and supports DGC's continuing efforts to revise these important regulations and those at 6 AAC 80. However, it must be done in a manner that is true to the Alaska Legislature's intention in establishing the coastal management program, and that is practical in its process and timing to applicants, resource agencies and the interested public. We look forward to working with you to resolve the remaining significant challenges.

Very Truly Yours,

 FOR K. L. DONAJKOWSKI  
Ken L. Donajkowski  
HES Manager